

**DRAFT MINUTES**  
**MICHIGAN FOREST FINANCE AUTHORITY (MFFA or AUTHORITY)**  
**Board of Director's Meeting**  
**Tuesday, September 11, 2007**  
**Steven T. Mason Building**  
**6<sup>th</sup> Floor Conference Room 6-East**  
**Lansing, Michigan**  
**2:00 p.m.**

**AUTHORITY BOARD OF DIRECTORS PRESENT**

Mr. Tom Saxton, Chair, Michigan Department of Treasury  
Mr. Kelvin Smyth, New Page Corporation  
Dr. Paul Eisele  
Ms. Rebecca A. Humphries, Vice-Chair/Director, DNR  
Mr. Warren Suchovsky, Suchovsky Logging  
Dr. Karen Potter-Witter, Michigan State University, Department of Forestry  
Mr. Shawn Hagan, the Forestland Group

**MICHIGAN FOREST FINANCE AUTHORITY OTHERS PRESENT**

Mr. Terrence Grady, Office of the Attorney General  
Mr. George Berghorn, Michigan Forest Products Council  
Dr. Donna LaCourt, Executive Director/State Forester  
Mr. Scott Heather, DNR

**CALL TO ORDER**

**Chair Saxton** called the Michigan Forest Finance Authority Board meeting to order at 2:08 p.m.  
**Chair Saxton** asked those in attendance to introduce themselves, then welcomed everyone to the meeting. He asked **Dr. Donna LaCourt** to review the agenda. **Dr. LaCourt** read through the agenda items, offering comments on some items.

**APPROVAL OF AGENDA**

**Chair Saxton** called for approval of the meeting agenda.

**MOTION:**     **Mr. Suchovsky** moved approval of the agenda; supported by  
                  **Dr. Potter-Witter.**  
Motion carried.

**ADOPTION OF MINUTES**

**Chair Saxton** called for adoption of the June 13, 2007 meeting minutes.

**MOTION:**     **Dr. Eisele** moved for adoption of the June 13, 2007 meeting minutes; supported  
                  by **Mr. Suchovsky.**  
Motion carried.

**PUBLIC COMMENTARY**

**Chair Saxton** asked for public comment; no public comments.

**INFORMATION ITEMS**

**MFFA/MSF MOU and State Agencies MOU**

**Chair Saxton** reported both MOUs have been signed

### **Sleeper Lake Fire Update**

**Mr. Scott Heather**, DNR, made a presentation to the Authority. **Mr. Heather** reported the key reason for the fire was the long-standing drought conditions in the Upper Peninsula. The fire was started by a lightning strike on August 2. The south perimeter of the fire was only five miles from the Village of Newberry.

**Mr. Heather** reviewed maps of the area of the fire, to give the Authority an idea of the area the fire consumed. He reported the DNR applied for FEMA reimbursement on August 9. He stated the fire crew had to conduct a 1,000 acre burnout along M-123 to keep the fire from jumping the highway. **Mr. Heather** commented **Director Humphries** was instrumental in working with the Governor to get additional fire fighter assistance, including the National Guard. Other resources included, among others, the States of Connecticut, Missouri, Wisconsin, Minnesota, and the Province of Ontario. He reported there were more than 220 people working at one time in some instances.

A Helitorch was used to burn 600 acres of marsh grass to keep the fire spreading in one area. **Mr. Heather** stated the fire was in an ecologically sensitive area which included Nature Conservancy parcels, and old growth areas. The fire is now fully controlled. Some ecological damage has been done. **Mr. Heather** reported DNR staff is now assessing where rehabilitation work needs to be completed, as well as assessing where regrowth has already started.

**Mr. Heather** reviewed a report by a United State Forest Service fire assessment expert who was on-site during the fire. The fire assessment expert assessed structure value in Luce County, and timbered acreage. **Mr. Heather** stated there was just over 1,800 commercial forest acres burned. **Dr. Eisele** asked if those acres can be salvaged; **Mr. Heather** answered the DNR will be assessing harvestable areas as quickly as possible. **Dr. LaCourt** commented although the rehabilitation plan is not yet complete, the first impression is that there will probably be minimal salvageable wood in this area, which consists of over 14,000 acres of swamp and marshland. **Mr. Heather** reported there were only four minor injuries, and only one main structure was lost.

**Mr. Heather** commented on the Village of Newberry, and the community support and assistance that was offered. He stated the out-of-state fire crews were overwhelmed by the support they received.

**Mr. Suchovsky** brought up the criticism the DNR has had regarding sending fire staff out West to assist with fires. **Mr. Heather** reported the DNR sends staff out West to assist every year, and that has paid off by receiving assistance from other States when Michigan needed help. He also stated overhead staff have learned from being on fires in other parts of the country, which was an asset in fighting the Sleeper Lake fire. He commented the fire would have probably been out-of-control without the additional experience obtained from fighting fires out-of-state.

**Mr. Hagan** asked as the assessment moves forward will it be applied to private lands as well as state lands. **Mr. Heather** answered the assessment will cover all lands, although FEMA will not reimburse for private land rehabilitation. **Mr. Hagan** questioned if there are MOUs in place with private landowners to cover rehabilitation in the case of a fire. **Mr. Heather** reported there is a State Statute already in place to suppress fire on all lands, and as the rehabilitation plan is developed it will address all land ownerships impacted by the fire.

**Director Humphries** commented the DNR is currently at an all-time low on fire officers, and if another fire had occurred during this fire the DNR would have been short-staffed.

#### **Red Pine Project Update**

**Dr. LaCourt** reported the project has been moving forward. The DNR has defined a list of stands to be looked at which forms 7,100 acres as the project was approved for. Staff will be carving off the 2008 portion of the 7,100 acres and move forward with a special review.

**Dr. LaCourt** commented because of staff being assigned to the Sleeper Lake fire efforts, hunting season and holidays this fall, the November public reviews for 2008 sales will be conducted in March 2008. The 2009 and 2010 sales will undergo public review during the regular compartment review schedules of late 2008. An oversight committee has been formed which includes wildlife staff to provide guidance to field staff.

**Dr. LaCourt** reported Site Condition Foresters are ready to interface with other staff. All background work has been completed; a public review process still needs to be accomplished to implement the plan.

**Dr. LaCourt** stated that timelines for all MFFA projects have been set back due to delays in securing funding. **Dr. LaCourt** reported she will be working with the Attorney General's office to modify the timeline. For example, the Archaeological study would not be completed now until after the winter season. She went on to say there has been progress on all fronts, including the spatial project, which has moved forward with short-term workers.

**Dr. Eisele** questioned the progress on sales; **Dr. LaCourt** replied sales have been very good for red pine in the Pigeon River Country Area. **Dr. Eisele** indicated he was remembering a three-year rule but maybe it related to bonding; **Mr. Grady** responded all bond proceeds must be spent within three years of the date when the proceeds are received.

#### **Timber and Markets Subcommittee**

**Dr. Eisele** reported the subcommittee had a conference call last month, working from a document which was developed a couple of years ago, and discussed other items that fit in with what has already been initiated. The subcommittee discussed two of the items on the document to view as potential activities for funding. Those activities are IFMAP, and implementation of vegetative management regimes. **Dr. Eisele** stated the subcommittee considered the issue of companies interested in looking at biomass an important step to take at this time. For the IFMAP project they suggest looking at background data to be used for forest vegetation simulation, and an additional module to enter stage two plot data, rapid response, and identification of potential timber for marketing. **Dr. Eisele** reported the plan is for the DNR to develop a proposal for the next Authority meeting to look at extending these ideas throughout the state.

**Dr. Eisele** commented the second project would be the implementation of hardwood thinnings as defined in previous work done by **Dr. Mike Vasievich**, Terra Systems.

**Mr. Smyth** reported the subcommittee had met earlier in the morning and reviewed their goals thoroughly. The subcommittee plans to present them at the December Authority meeting with recommendations. **Dr. LaCourt** commented they will have to look in-depth at the vegetative concept. She stated IFMAP has a very targeted subset. By December they could have proposals to commit the remaining 21<sup>st</sup> Century funds. **Mr. Suchovsky** suggested having someone present to the Authority on ways to utilize bonding. This was looked at as a possible

agenda item for the December meeting. **Chair Saxton** stated he could have staff come in to make a presentation on bonding, and would discuss this with **Dr. LaCourt** at a later time.

#### **Asset Protection/Research and Development Subcommittee**

**Mr. Hagan** reported the subcommittee held a conference call on August 31, focusing on brainstorming for projects. The top priorities are bioharvesting and biomass utilization. They are taking a different look at things, such as sustainability and return on investment. The subcommittee would like to see the Authority move forward on these projects. **Mr. Hagan** stated there is already boilerplate language available (referring to the Minnesota Guidelines), which could be refined to meet Michigan needs.

**Dr. LaCourt** commented the subcommittee would like to tailor the Minnesota Guidelines to make them applicable to Michigan, as soon as possible. She commented having guidelines fits the theme of promoting sustainable management, and has benefits and usage beyond state lands. **Mr. Suchovsky** suggested the guidelines could be a chapter in the revised Best Management Practices manual. **Dr. LaCourt** said this is one of many ways it could be incorporated and the DNR will evaluate where the best place for that would be. He has seen work in other states using portable units, related to biomass, and this might be considered in Michigan as moving wood could become a problem. **Chair Saxton** asked **Dr. LaCourt** what the next step for the subcommittee would be. **Dr. LaCourt** responded they would put together a proposal to revise the Minnesota Guidelines, and present it at the next Authority meeting.

#### **Legislative Boilerplate Draft**

**Dr. LaCourt** reported on an annual basis, Forest, Mineral and Fire Management (FMFM) must submit boilerplate language (funding usage) to the State Budget Director and the Appropriations Committee. She stated she will be putting together a draft of what FMFM would like to submit. This would include funding reductions, projects committed and amounts, and references to the remainder of funds for action and implementation in 2008. This report must be submitted before the end of September. After discussion it was decided Vegetative Management Regime Assessment would be added to the document. **Dr. LaCourt** stated she would make corrections to the document.

#### **Question and Answer Document Concept**

**Dr. LaCourt** reported she has received a lot of questions regarding projects the Authority can fund, and suggested discussing a concept of creating a question and answer document to address fundamental direction of projects that can be considered. Discussion ensued.

**Chair Saxton** suggested it should possibly be patterned to similar Authorities; **Dr. LaCourt** stated she would begin work on a draft document.

#### **RESOLUTIONS**

##### **Increase Funding for Forest Product Market Assessment and Benchmark Wood Harvesting and Transportation Costs**

**Dr. LaCourt** stated this had moved forward for competitive bid; it was sent to four potential bidders and only one bid was received. The bid received was over the approved \$24,000; it was slightly over \$34,000. **Dr. LaCourt** reported a purchase order could not be issued on the original timeline so the interim report portion of the project was removed. She negotiated with the bidder for a new timeline and the removal of an interim report resulting in a project cost of slightly over \$33,000. She requested of the Authority to amend the Resolution for up to \$35,000 to cover the proposal. If approved by the Authority, a purchase order can be issued on Friday

(September 14). She stated an Authority meeting, prior to the scheduled March 2008 meeting, might be needed after the work is completed for a final presentation to be made to the Authority.

**Chair Saxton** asked for discussion; none. **Chair Saxton** called for approval of the amendment of the Resolution.

**MOTION:** **Dr. Eisele** moved for approval of an amendment to the Resolution; supported by **Mr. Hagan** and **Mr. Suchovsky**.

**Chair Saxton** called for a vote for on Resolution 2007-5.

**VOTE:** Ayes: Saxton, Smyth, Eisele, Humphries, Suchovsky, Potter-Witter, Hagan  
Nays: None  
Resolution 2007-5 passed.

### **2008 Meeting Schedule**

**Chair Saxton** commented setting a meeting schedule was a requirement of the Open Meeting Act. Discussion ensued.

**MOTION:** **Mr. Eisele** moved for approval of the Resolution as presented; **Dr. Potter-Witter** seconded, with an amendment to change the September 2008 meeting to September 16.

**MOTION:** **Mr. Eisele** moved for and amendment of the Resolution to reflect September 16; supported by **Mr. Smyth**.

**Chair Saxton** called for a vote on Resolution 2007-6.

**VOTE:** Ayes: Saxton, Smyth, Eisele, Humphries, Suchovsky, Potter-Witter, Hagan  
Nays: None  
Resolution 2007-6 passed.

### **ADJOURNMENT**

**Next Meeting: December 12, 2007**

**Chair Saxton** called for adjournment.

**MOTION:** **Dr. Eisele** moved to adjourn; supported by **Mr. Hagan**.  
Motion carried.

Meeting adjourned at 3:19 p.m.